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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 004871

SIPDIS

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TAGS: [PGOV](#) [TW](#)

SUBJECT: MA AND SOONG MEET: KMT-PFP MERGER NO TIME SOON

REF: TAIPEI 4850

Classified By: AIT Director Douglas Paal, Reason(s): 1.4 (B/D).

1. (C) Summary: On December 12, KMT Chairman Ma Ying-Jeou met with PFP Chairman James Soong to discuss the possibility of merging the two parties following the KMT's watershed victory (and the PFP's embarrassing defeat) in the December 3 "three-in-one" elections. Contrary to the hopes of some Pan-Blue supporters, however, instead of announcing an imminent merger, the two parties announced preliminary measures aimed at preserving the slim Pan-Blue advantage in the Legislative Yuan and using that advantage to promote Taiwan's economic welfare through expanding the "three links" with China. The KMT and PFP also pledged to "maintain an appropriate defensive capability" for Taiwan, and to "resolutely oppose expensive arms procurement." In their public statements before the meeting, Ma did not welcome PFP members to join the KMT's ranks, and Soong did not once mention the word "merger," suggesting that neither leader wants a merger to occur right away, if at all. KMT leadership is opposed to the absorption of large numbers of PFP LY members at one time, fearing they could force new Central Committee and Central Standing Committee elections and split the legislative pie in 2007. PFP members are split -- stronger, nationally-known LY members are eager to return to the KMT to improve their chances of being nominated in future legislative elections, while weaker, lesser-known members will face political oblivion without the PFP. Nothing tangible came of yesterday's meeting, but, by beginning the merger dialogue, Ma can claim to be honoring his earlier pledge to reunite the Pan-Blue camp, and Soong has preserved the PFP's independence and waning political viability, at least for the time being. If merger is in the cards, it is still a long way off. End Summary.

2. (U) On December 12, KMT Chairman Ma Ying-jeou and his PFP counterpart James Soong met in Taipei to discuss, among other things, the prospect of uniting the two Pan-Blue parties under the KMT banner. In his remarks before the meeting, Soong emphasized the importance of KMT-PFP cooperation to improve Taiwan's economic health and root out corruption at the local and national level. Soong did not mention or allude to the possibility of merging the two parties. Subsequently, Ma echoed his support for expanding KMT-PFP cooperation to assure Taiwan's economic welfare and to improve government accountability, while specifically mentioning the goal of merging (hebing) the two parties.

3. (U) Following the four-hour session, KMT Secretary-General Chan Chun-po announced that the two chairmen had reached a consensus on collaborating to protect Taiwan from being marginalized economically, to promote cross-strait trade, to expand the "three links," and to push for Taiwan's participation in "ASEAN-plus-four." Both leaders endorsed protecting the rights of Taiwan's retired civil servants, and supporting Taiwan's law enforcement organizations in their efforts to investigate and prosecute corruption scandals, regardless of the party affiliation of the accused.

4. (U) Chan Chun-po and PFP Secretary General Chin Chin-sheng also announced that the parties agreed to establish a cooperative mechanism for nominating candidates for city council elections in December 2006. Notably absent was any mention of the KMT nomination for Taipei mayor, which will be held at the same time and to which PFP Chairman James Soong aspires. The two Secretaries-General stated that KMT and PFP will continue collaborating in the Legislative Yuan (LY) to assure that legislation is "respectful of public opinion." They renewed their parties' promise to get to the bottom of the March 19, 2004 shooting of President Chen and Vice-President Lu. Finally, of particular USG interest, both parties pledged to "maintain an appropriate defense capability for Taiwan," and to "resolutely oppose expensive arms procurement."

5. (C) PFP LY member Christina Liu (Yi-ru) told AIT that the Ma-Soong meeting produced no meaningful change, and that there is no real prospect for merger for the foreseeable future. Liu explained that the PFP still feels strong resentment both from and toward the KMT following the KMT's aggressive tactics in the last month before the December 3 elections. Sensing the possibility of a big victory, she continued, KMT leaders pulled out all the stops to secure as

many positions as they could, unconcerned about the impact on the KMT-PFP relationship. Additional ill will, she said, has been caused by recent KMT efforts to exclude the PFP from important discussions in the LY, including recent discussions about altering the interest rate ceiling on consumer credit cards.

16. (C) Liu said there are opponents to a Pan-Blue merger within both parties. KMT leaders are willing to accept PFP members one-by-one, but are opposed to absorbing all 32 PFP legislators at one time, or maybe at all, fearing they would demand new elections for the KMT Central Committee and Central Standing Committee and would increase competition for the 2007 LY elections. As for the PFP, Liu said it is split almost down the middle: 14 stronger, better-known candidates want to immediately jump ship to the KMT so they can begin "fighting their way to the top" in time to secure an LY nomination for the December 2007 race. The remaining 18 members, Liu included, are either "at-large" candidates or are wholly dependent on a local, not national, power base. Liu says she and her similarly-situated colleagues would be swallowed up by the KMT, and left with no political future. Liu says she and her similarly-situated colleagues would be unable to compete within the KMT, and left with no political future; therefore, they hope the PFP remains a separate party, enabling them to run as PFP candidates in 2007.

17. (C) Liu predicted that although Ma may truly wish to consolidate the two parties, it will happen in the distant future, if ever. Liu, who has worked with Ma in the past, said he will often follow the advice of those around him if doing so would not violate his personal convictions. Since at least some in the KMT leadership could lose their seats if new CC and CSC elections are required, Ma is probably being told to move slowly and with extreme caution. As for Soong, Liu told AIT that he still genuinely believes he has a chance to win the KMT nomination for Taipei mayor, and even to win the election. Liu said that Soong is the last one to know he doesn't have a chance in the mayor's race, but others within the PFP want him to run because it extends the life of the party, and thus, their own political careers.

18. (C) KMT leaders have claimed that the prospect of a merger is hampered by the question of whether the PFP would lose its seven "at-large" seats in the LY if it were to merge into the KMT. The Pan-Blue alliance holds only a razor-thin majority in the LY -- 111 of 220 seats -- and the loss of those seven PFP seats would eliminate the Pan-Blue majority. Liu, however, told AIT that this is simply a KMT canard: because the at-large members were assigned on the basis of each party's vote count in the December 2004 LY elections, the absorption of the PFP by the KMT would not change the fact that the PFP earned those seats in the 2004 election. In addition, the LY is empowered to decide how to dispose of the PFP's at-large seats in the event of a merger, and since the Pan-Blues hold the majority, they could decide this issue to their advantage.

19. (C) Comment. Despite the strong support of Pan-Blue supporters, both KMT and PFP, and despite the hoopla surrounding the Ma-Soong meeting, there was no real movement toward merger during the Ma-Soong meeting. Ma does not want Soong trying to leverage his weak standing through a merger. Yesterday, Ma succeeded in using Soong to his advantage, obtaining from Soong the picture of Pan-Blue cooperation without any real cost. In so doing, Ma maintains the KMT's momentum, and keeps Chen Shui-bian's DPP on the defensive. This move will also satisfy KMT politicians who feared competition from popular PFP legislators for the halved number of seats at stake in the 2007 legislative elections, and it will keep James Soong's political fortunes marginally alive for one more year, at which time he could take a shot, a very long shot, at the Taipei mayoral race. Nonetheless, the more popular politicians in a PFP now on life support will begin to sneak, one-by-one, back into a KMT that will only selectively receive a few of them. Chairman Soong may have preserved the facade of his political party for one more year, but it will increasingly be a rump party with no viable future, including his own. End Comment.
PAAL